If Farmers Use—

THE COTTON LOAN PROGRAM

it can

PROMOTE orderly marketing of a big crop
STRENGTHEN the market and protect prices
PROVIDE needed cash immediately

The loan program is most effective when more farmers use it.

Production and Marketing Administration
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A GOOD COTTON CROP

The cotton crop now coming to market was produced by farmers to meet definite needs in the national defense effort. A short crop in 1950, along with very high demand both at home and abroad, tightened supplies so much that export controls were necessary.

By exceeding the minimum production goal this year, farmers are providing enough cotton to take care of all needs here at home, to permit unlimited exports to friendly nations, and possibly to make some increase in the current very low reserve of about 2 million bales.

We will not have too much cotton — there is no cotton "surplus." The supplies are needed. If it is possible to build up the reserve a little, that will be a sound and constructive development.

Best estimates are that about 16 million bales will be needed this year for military and civilian domestic requirements, and for export to friendly countries. It will be possible to strengthen the reserve position only to the extent that the final 1951 crop total exceeds this figure.

WHAT THE COTTON LOAN CAN DO

Orderly marketing of the crop, spread over a period well beyond the actual harvesting season, will help stabilize the market and protect prices.

The cotton loan program — the Commodity Credit Corporation loans which are available to all producers — offers the way to insure orderly marketing.

There is no reason why any farmer need sell his cotton at less than the loan level.

By making use of the loan, he assures himself at least that much income. And if a substantial part of the total crop is put under the loan, the market value of the crop can be increased.

The loans can be used by farmers to spread out marketing and protect prices. The floor under the market will be built to the extent that growers themselves build it — by using the loan program.

The cotton loans provide cash for immediate use. More important, they are the means through which producers can "feed" the market — not glut it.

Each farmer must be the judge as to whether his local situation justifies placing his cotton in the loan, but he should consider carefully the advantages the loan program offers.

LOANS HAVE HELPED IN THE PAST

Over the years, the loan programs have helped substantially to support cotton prices.

Take 1948 — over one-third of the crop was put under loan. The market advanced. Farmers repaid the loan on 28 bales out of every 100 placed in the loan, and sold the cotton on the market at a price higher than the loan value. The balance of the loan cotton was pooled later and sold for producers by CCC. As a result, $67 million, about $17.50 per bale, was distributed to producers over and above the cash they received at the time the cotton was placed in the loan.

Cotton growers put more than one-fifth of the big 1949 crop into the loan. Advanc-

ing market prices made it profitable for producers to repay nearly all the loans that year and sell the cotton above the loan value. Producers were thus able to take advantage of a rising market.

Here's How the Loan Program Works:

Who is eligible — Individuals, partnerships, or firms producing cotton in 1951 can get a loan on cotton grown by them.

How to obtain a loan — To obtain a loan, the producer places his cotton in approved storage, gets a warehouse receipt, and gets the cotton classed by a Government classing office. Any approved bank or other lending agency can then make the loan. Cotton properly stored on farms is also eligible for loans.

The loan rate — 90 percent of parity as of August 1, 1951:

> *30.46 cents per pound*—loan rate for Middling 7/8-inch cotton at average location.
>
> *31.71 cents per pound*—loan rate for Middling 15/16-inch cotton at average location.

Loan rates are higher or lower than this, depending on the grade and staple of the cotton and the location.

For information on approved warehouses, approved lending agencies, and how to get your cotton classed and get a CCC loan, see your PMA county office or your PMA community committeeman.

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